Monetary and Credit Policies in 1404, Q4
(December 22, 2025-March 20, 2026)

- During the fourth quarter of 1404 (December 22, 2025-March 20, 2026), the CBI continued to use open market operations (OMOs) and standing facilities as its main monetary policy instruments. These tools were intended to manage liquidity and guide interbank interest rate toward the CBI's target policy rate. Based on its liquidity forecasts for Q4, the CBI injected liquidity into the interbank market through repurchase agreements (repos) conducted in scheduled weekly OMO auctions. Following the outbreak of the Ramadan war (the 40-day joint military aggression by the United States and Israel on Esfand 9, 1404), the CBI accepted all bids submitted by participating banks in the final OMO auction of 1404. This decision was intended to support government financing, meet banks' needs for liquidity in the interbank market, and preserve the stability of payment systems during the war. As a result, the volume of open market operations increased from 1,850 trillion rials before the 40-day war to 5,890 trillion rials by the end of Esfand 1404.
- Adverse developments during 1404, including the 12-day war (the Israeli military aggression on Khordad 23, 1404) and the government's three-month postponement of tax collection, reduced government revenues while increasing public expenditure. In addition, the CBI introduced financial support measures for households and production units affected by the war. These measures included extending loan repayment periods, temporarily suspending the consequences of bounced checks, and waiving late-payment penalties on bank facilities for a specified period. Such measures, however, also had inflationary effects. Accordingly, in line with its mandate to manage liquidity, the CBI set its liquidity growth target for 1405 at 35±2 percent following the 43rd meeting of its Executive Board.
- Regarding other credit measures, banks extended a total of 105,783.1 trillion rials in facilities during 1404, an increase of 27,214.6 trillion rials, or 34.6 percent, compared with the previous year. Of this total, 74.9 percent was extended to businesses, including legal entities and individual business owners and 25.1 percent was extended to final consumers (households). During 1404, the CBI disbursed 2,089 trillion rials in Qharz-al-hasaneh marriage facilities and 489 trillion rials in Qharz-al-hasaneh childbearing loans. In the fourth quarter alone, it disbursed 423 trillion rials in Qharz-al-hasaneh marriage facilities and 123 trillion rials in Qharz-al-hasaneh childbearing facilities.
- To expand production chain financing instruments, channel liquidity toward productive activities, and facilitate access to finance for enterprises, financing through new production chain instruments exceeded 1,430 trillion rials in 1404. This included 529.6 trillion rials through the issuance of GAM papers (Generative Credit Certificates, which provide short-term, interest-free financing for producers, businesses, and legal entities purchasing goods and services); 857.8 trillion rials through electronic bills of exchange; 31.2 trillion rials through a welfare card program linked to GAM papers; and 11.7 trillion rials through factoring arrangements.